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Government of Kerala
2025

Regn.No. KERBIL/2012/45073
dated 05-09-2012 with RNI
Reg No.KL/TV(N)/634/2021-2023

കേരള ഗസറ്റ്
KERALA GAZETTE
അസാധാരണം
EXTRAORDINARY

ആധികാരികമായി പ്രസിദ്ധപ്പെടുത്തുന്നത്
PUBLISHED BY AUTHORITY

വാല്യം 14
Vol. XIV

തിരുവനന്തപുരം,
ബുധൻ
Thiruvananthapuram,
Wednesday

2025 ഡിസംബർ 24
24th December 2025
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KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM

NOTIFICATION

No. 3282/Con.Engg./2025/KSERC. *24th December, 2025.*

In exercise of the powers conferred under sub section (1) of Section 181, read with Section 61 of the Electricity Act, 2003 (Central Act 36 of 2003), and all other powers enabling it in this behalf and after previous publication; the Kerala State Electricity Regulatory Commission hereby makes the following Regulations to amend the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2021, namely:—

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KERALA STATE ELECTRICITY REGULATORY COMMISSION

(TERMS AND CONDITIONS FOR DETERMINATION OF TARIFF) (THIRD AMENDMENT) REGULATIONS, 2025

1. *Short title and commencement.*—(1) These Regulations may be called the "Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (Third Amendment) Regulations, 2025 ".

(2) These Regulations shall come into force from the date of publication of the same in the Official Gazette of the State of Kerala.

2. *Amendments to the Principal Regulations.*—In the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2021, in Regulation 87 (Substituted vide First Amendment Regulations, 2023), the following Amendments are made:—

(1) Omission of provisos to sub regulation (3).—In sub regulation (3), the existing provisos shall be omitted.

(2) Omission of sub regulations (7) and (8).—Sub regulations (7) and (8) shall be omitted.

By order of the Commission,

RAJENDRAN K. V.,
Secretary.

Explanatory Note

(This does not form part of the notification, but is intended to achieve the general purport.)

1. The Commission has notified the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2021 on 16th November, 2021 for the Control Period 2022-2027. Further, it was amended vide gazette notification no. 1807 dated 30th May, 2023 and Gazette Notification No. 822 dated 5th March, 2024.
2. Regulation 87 of the KSERC (Terms and Conditions for Determination of Tariff) Regulations, 2021 provides for recovery of variations in electricity charges arising from uncontrollable factors such as fuel cost and power purchase cost, in accordance with Section 62 (4) of the Electricity Act, 2003. Further, the Ministry of Power, Government of India, notified the Electricity (Amendment) Rules, 2022, introducing Rule 14 mandating automatic, monthly pass-through of variations in fuel and power purchase

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cost, subject to annual true-up. In order to align with the above Rules and to safeguard consumer interest, the Commission, vide the KSERC (Terms and Conditions for Determination of Tariff) (First Amendment) Regulations, 2023, substituted Regulation 87 with 14 sub regulations. In sub regulation (3) of the said amendment regulations, the Commission prescribed a ceiling limit of 10 paise per unit for automatic recovery of fuel surcharge, with recovery beyond the ceiling permitted only with prior approval of the Commission.

3. Analysis of the month wise fuel surcharge requirements for the period from June 2023 to November 2025 indicated that the ceiling has constrained recovery of actual cost variations in several months, resulting in the under recovery of the actual fuel surcharge requirement in most months, where the computed rate exceeds the ceiling substantially, and undermining the objective of financial neutrality envisaged under the Electricity (Amendment) Rules, 2022.

4. Since introduction of the automatic recovery mechanism in June 2023, total recovery was limited to 19 paise per unit, comprising 10 paise per unit through automatic adjustment and an additional 9 paise per unit approved by the Commission for partial recovery of accumulated unrecovered amounts, which was permitted up to January 2025. Review of the surcharge computation from June 2023 to December 2025 shows that the surcharge exceeded this level only in isolated months. In all other months, the surcharge remained at or below the level recovered, reinforcing the need to re-examine the continuation of the ceiling in view of the objective of enabling timely and complete pass-through of legitimate power purchase cost variations.

5. Meanwhile, policy measures undertaken by the Government of India for enhancing domestic coal availability, reducing dependence on imported coal, and rationalization of GST on coal have resulted in reduction and stabilization of coal prices, with consequential reduction in fuel cost for thermal generating stations.

6. Further the State Government has directed the Commission under Section 108 of the Electricity Act, 2003, to comply with the provisions in the Electricity (Amendment) Rules, 2022, particularly the requirement under Rule 14 of the Electricity (Amendment) Rules, 2022 notified by Ministry of Power, Government of India, for facilitating automatic, timely and complete recovery of power purchase cost variations.

7. In view of the improved market conditions and the analysis of fuel surcharge trends, the Commission is of the view that continuation of the ceiling on automatic fuel surcharge recovery is no longer warranted and that removal of the ceiling is necessary to ensure conformity with Rule 14 of the Electricity (Amendment) Rules, 2022.

8. To address the matters indicated above, the Commission has published the Draft Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (Third Amendment) Regulations, 2025, for inviting stakeholder comments and objections on 1st December, 2025, in the website of the Commission. To enhance transparency and improve informed stakeholder participation the Commission has also published detailed explanatory memorandum along with the draft Amendment

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Regulations, 2025, which details the facts and circumstances led to the publication of the draft amendment.

9. Further the Commission has conducted an online public hearing on the draft Regulations on 23-12-2025. After considering the objections and suggestions received in the public hearing, the Commission approved the final of the Kerala State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) (Third Amendment) Regulations, 2025 and decided to publish the same in the Official Gazette.

This notification is intended to achieve the above object.

PUBLISHED BY THE SUPERINTENDENT OF GOVERNMENT PRESSES
AT THE GOVERNMENT CENTRAL PRESS, THIRUVANANTHAPURAM, 2025

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